

Exhibit 1

CAREY & ASSOCIATES

ATTORNEYS AT LAW
230 PARK AVENUE, SUITE 2240
NEW YORK, NY 10169-2240

(212) 697-9494

Telecopier: (212) 697-9504

Michael Q. Carey *
Diana E. Goell

* Also admitted in NJ

New Jersey Office:
103 Essex Avenue
Montclair, NJ 07042
(201) 783-9205

By Hand

January 5, 1998

Rudolf ^{RP}~~Dehner~~ Othmar Ernst, Ph.D.
25 West 68th Street
New York, NY 10023

Re.: A) Bail Application
B) Extradition Proceeding

Dear Dr. Ernst:

This letter will confirm your request that we represent you with respect to the captioned matters.

Consistent with the rules of professional responsibility which govern all attorneys, it is our firm's practice to advise clients in writing of the terms and conditions under which we undertake a representation.

All questions regarding the captioned matters shall be determined in consultation with you. However, you hereby agree that we shall have no obligation to appeal to the United States Court of Appeals for the Second Circuit any decision which is adverse to your interests or to respond to any appeal following a decision by the United States District Court regarding extradition. If such appellate work is necessary, you and we will have to enter into an additional agreement.

We will endeavor to serve you effectively and strive to represent your interests vigorously and efficiently. We have advised you

RP.
initials

Rudolf Johann Othmar Ernst, Ph.D.
January 5, 1998
Page 2

that the outcome of this matter is uncertain and you hereby acknowledge that you understand that any expressions of our opinion concerning the outcome of your legal matters are expressions of our best professional judgment, but are not promises or guarantees. Such opinions are necessarily limited to our knowledge of the facts and are based on the state of the law at the time they are expressed.

You shall disclose to us fully and accurately all facts and documents in your possession or under your control related to the subjects of our representation, including those in the possession of predecessor attorneys. If you are released on bail, you also agree to keep us advised of your location at all times and to cooperate in the preparation of the captioned matters, including making yourself available in New York City, to attend meetings and proceedings as is appropriate, and to comply with all reasonable requests made of you in connection with the preparation and presentation of the captioned matters.

The attorneys' fees and expenses in this matter could be substantial. In addition to the risks inherent in the litigation process, this matter could make severe demands on your time even if you are released on bail.

We will conduct such representation, and any other representation with respect to which you request our services where a separate agreement is not entered into, at the following hourly fees plus reimbursement of expenses. Our hourly fees, charged by 10ths of an hour, are currently \$300 for each partner, \$90 to \$225 for each associate or senior attorney and \$60 for each paralegal who performs services in relation to such representation ("Fees"). Travel time, time spent waiting in relation to your representation, and telephone conversations will be charged at the same rate as that for any other service by the individual involved.

We reserve the right to round off time charges to include the next complete tenth of an hour for any service performed for a part of such tenth and to charge a minimum of two tenths of an hour for any service related to our representation of you, including for

RP.
initials

Rudolf Johann Othmar Ernst, Ph.D.
January 5, 1998
Page 3

any telephone conversation or for reading or drafting any letter, telecopier message or other document.

You will also be billed for expenses, including internal overhead charges, which we may incur such as those for filing and service fees, corporate services, travel including meals and lodging, photocopying, telephone, telecopier (fax) and other communications, messengers, couriers, postage, computer research, the services and disbursements of investigators, interpreters and translators, experts, accountants and other attorneys, and each other expense which relates to your representation ("Disbursements"). In order to allocate these expenses fairly and to keep our hourly rates as low as possible for those matters which do not involve such expenditures, such items are separately accounted for by each client and matter.

Normally, there will be no charge for secretarial services, but we reserve the right to charge for such services at the rate of \$25 per hour.

It is impossible to determine in advance how much time will be needed in this matter since that depends on many things beyond our control. Any figures we may have or in the future might give you for the cost of all or part of our engagement are merely estimates.

We will hold the above rates through December 31, 1998, after which we reserve the right to increase them. If we change our rates, the new rates will go into effect immediately without special notice to you. However, as is customary in our firm, the rates for each person who works on your matter will be identified with each bill you receive.

As is also customary with new clients of our firm, we request that you, or some person or entity on your behalf ("Depositor"), provide us with an advance in the amount of \$50,000 (the "Advance") which we will deposit in an interest bearing account in our name, in trust for the Depositor (the "Advance Account").

Since the Advance is to be held for the benefit of the Depositor,

Re.
initials

Rudolf Johann Othmar Ernst, Ph.D.
January 5, 1998
Page 4

please provide us with the Depositor's social security or federal employer identification number in the space provided at the end of this letter.

At the end of our engagement, if each bill for Fees and Disbursements is paid in a timely manner, the Depositor should have funds in the Advance Account equal to the amount of the Advance plus accrued interest. After all Fees and Disbursements have been paid in accordance with this agreement, we will promptly refund to the Depositor whatever monies we hold to the Depositor's credit. The Depositor hereby waives any claim to amounts less than five dollars (\$5.00) which are credited to the Advance Account after the balance in the account is refunded to the Depositor.

Bills for Fees and Disbursements will be mailed to you periodically, at the above address, usually each month, supported by computer reports. We request that you pay each bill within 20 days of its date.

If we do not receive payment of any bill within 30 days of its date:

- a) By your signatures on this agreement, you, Angelika Ernst, your wife, and the Depositor hereby authorize us to draw a check on the Advance Account for the full amount of the bill, without any further approval, and you agree to provide funds immediately which are sufficient to restore the balance of the Advance to its original amount plus interest;
- b) You and Angelika Ernst agree that interest shall be due and payable monthly on unpaid amounts, from the date billed, at the rate of twelve per cent (12%) annually or one percent (1%) per month, compounded monthly, from the date of the bill until paid; and
- c) You agree that we may withdraw from further


initials

Rudolf Johann Othmar Ernst, Ph.D.
January 5, 1998
Page 5

representation of you in the captioned matters, without prejudice to our rights to pursue payment of unpaid amounts. You further agree to execute any documents which we believe may be necessary to effect such a withdrawal.

By signing this agreement, you and Angelika Ernst also agree to be held liable for, and to pay all amounts payable pursuant to, this agreement. If another party pays your bills owed pursuant to this agreement, you and Angelika Ernst nevertheless remain primarily liable for such payments. If we take any action to withdraw from representing you or to collect the amounts payable under this agreement, you and Angelika Ernst agree to pay for our efforts and for those of any attorney we hire, at the same rates set forth in this agreement or charged to us by outside counsel, and for the costs and disbursements related thereto. If any action is commenced to collect such amounts, you consent to personal jurisdiction of the federal and state courts in the State of New York and to venue in a court in New York County. Any dispute concerning this agreement shall be governed by the laws of the State of New York.

You have the right to terminate our representation by written notice at any time. If you terminate this agreement, you and Angelika Ernst remain liable to pay for all fees and disbursements specified in this agreement. We have the same right to terminate our engagement, subject to our obligation to give you reasonable notice to arrange alternative representation.

Please read this agreement carefully. If you have any questions concerning this agreement, or would like any of its terms clarified, do not hesitate to contact me. If you understand and agree with the terms set forth in this letter, please acknowledge that you have read this letter, understand it, and that you desire to retain us on the basis of the terms and conditions it specifies by signing where indicated in the space below. We request that you also initial each page of the original, provide the Depositor's social security or employer identification number and return this agreement and a check for \$50,000.00 in the enclosed,

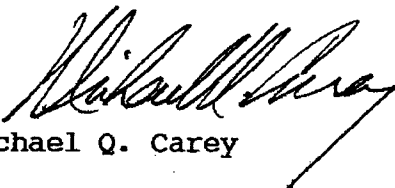
RE
initials

Rudolf Johann Othmar Ernst, Ph.D.
January 5, 1998
Page 6

self-addressed, stamped envelope. A copy of this letter is provided for your files.

We look forward to working with you.

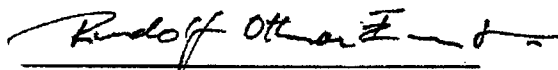
Very truly yours,



Michael Q. Carey

enc.

ACCEPTED AND AGREED TO:



Rudolf ~~Ernst~~ Othmar Ernst

Date: January 5, 1998

Social Security Identification Number: 559-96-8817

ACCEPTED AND AGREED TO:



Angelika Ernst

Date: January 7, 1998

Social Security Identification Number: 052 - 70 - 1444



initials

Rudolf Johann Othmar Ernst, Ph.D.
January 5, 1998
Page 7

DEPOSITOR:

Print Name Above If Depositor Is A Company

Rudi Ernst
Signature of/on behalf of Depositor

RUDI O. ERNST
Print Name of Signer Above

Social Security Identification Number: 052-70-0526

or

Federal Employer Identification Number: _____

Date: January 7, 1998

J.E.
Initials